1. **Narrative**

**Introduction**

Berkshire Health System, Inc. (“BHS” or the “Applicant”) is pleased to submit this Determination of Need Application (“Application”) with respect to returning 18 inpatient beds in North Adams for its newly formed affiliate North Adams Regional Hospital Corporation to operate a Medicare certified critical access hospital at 71 Hospital Avenue, North Adams 01247 (the “Proposed Project”).

In 2014, Northern Berkshire Healthcare’s hospital in North Adams abruptly closed and access to inpatient hospital services in Northern Berkshire County (“North County”) ceased. At the time, Governor Patrick convened an emergency work group to expedite the restoration of health care services to the region. After it was determined that the inpatient hospital could not be saved, state officials asked BHS to reopen key emergency and outpatient services in North Adams, which it did. With the Commonwealth’s assistance, BHS quickly restored an emergency department (including imaging and laboratory services) by converting the existing hospital facility to a satellite emergency facility (“SEF”), and also recommenced the provision of ambulatory surgery and other outpatient services under Berkshire Medical Center’s (“BMC”) hospital license.

At the time BMC established the SEF, BMC and the Commonwealth recognized there was no choice other than to commence transferring inpatient and observation[[1]](#footnote-1) patients to BMC’s main hospital campus in Pittsfield. In the meantime, the Commonwealth had hired Stroudwater Associates (“Stroudwater”) to carefully assess the needs of North County residents, including with respect to inpatient care. The Stroudwater report found, as reported by the Berkshire Eagle on March 28, 2015, that the “Northern Berkshire County medical landscape” is “above the state average in maladies like asthma, cancer and heart disease; surrounded by high percentages of people who are overweight, disabled, or in poor general health; and serving an aging, low-income population in need of access to health care.” The report concluded that although needed, it was not financially sustainable to re-open inpatient and observation services at the satellite facility without having Critical Access Hospital (“CAH”)[[2]](#footnote-2) designation – something that was not available at the time.[[3]](#footnote-3)

Since that time, all North County patients needing inpatient and most observation services have been transported to BMC (or across state lines to Southwestern Vermont). The North County community has struggled with the need for these remote transfers and has continued to ask for inpatient and observation care to once again be available close to home.

While BHS has remained dedicated to caring for the North County community and stretched limited resources to meet the essential needs, not having inpatient and observation care available locally has had serious ramifications for community health and wellbeing, particularly impacting the most vulnerable populations[[4]](#footnote-4). BHS has observed that patients in North County tend to defer or avoid care due to lack of transportation[[5]](#footnote-5) (and financial resources) and/or available social supports. It is apparent to BHS that the number of diagnostic and therapeutic procedures performed on patients from North County are lower than would be expected based on patient numbers. It is a clinical fact that that care deferred negatively impacts outcomes. [[6]](#footnote-6)

The hardships faced by North County patients which cause them to delay or avoid care are understandable – longer ambulance drives to Pittsfield or Vermont when a patient presenting in the SEF needs inpatient hospital level care, as well as the inability to find transportation home from such a great distance. Moreover, not having inpatient or observation care locally means that more of the care that is provided to North County residents is unanticipated and unscheduled rather than the result of coordinated planning and optimally effective and efficient care delivery. And if some care is delivered in Vermont, it is particularly bifurcated.

Until recently, federal law limited the Applicant from opening an inpatient hospital in North County that qualifies as CAH. However, the federal government has been concerned about rural hospital closures for some time and has taken various steps to try to stem and reverse the tide, starting with the flexibilities for the CAH program to ensure continued access in remote communities and hospitals by adding flexibilities that enable more hospitals to take advantage of CAH status.

There are two flexibilities that are of particular relevance to the former hospital campus location that now allow for the restoration of inpatient and observation care in North County. First and most recently, CMS loosened the Medicare Conditions of Participation (“CoPs) requirements for areas like North Adams. Under the CoPs[[7]](#footnote-7), a CAH must be “…located… in the case of mountainous terrain or in areas with only secondary roads available, a 15-mile drive” from another hospital. On November 3, 2022, CMS promulgated new regulations re-defining a “primary road” in the context of the CAH distance requirement to include numbered Federal highways with two or more lanes each way. Thus, U.S. Route 7 is now considered a secondary road and the North Adams campus now meets this requirement. In addition, since the Balance Budget Reconciliation Act of 1999, CMS recognizes the re-opening of closed and downsized facilities as CAHs.[[8]](#footnote-8)

The Proposed Project is the final step in ensuring uninterrupted access to inpatient and observation care in North County consistent with the important need recognized in the Stroudwater report previously commissioned by the Commonwealth in 2014.

**2. Project Description**

Upon approval by the Commonwealth of Massachusetts and the Centers for Medicare & Medicaid Services (“CMS”), BHS would obtain an original hospital license to operate a Medicare certified critical access hospital (“CAH”) at 71 Hospital Avenue, North Adams 01247 (“North Adams Regional Hospital” or “NARH”)

North Adams is currently home to a BMC satellite facility at 71 Hospital Avenue that offers imaging, SEF and other outpatient services (the “BMC Satellite Services”). In addition to returning inpatient services to North County, the Applicant will convert certain BMC Satellite Services to the North Adams Regional Hospital license. The reimagined North Adams Regional Hospital will have 18 medical/surgical beds[[9]](#footnote-9) (which will also be certified for use as swing beds for subacute care), a 4 room mixed inpatient/outpatient surgical space (comprised of  existing open and closed operating and endoscopy rooms from the prior hospital and current satellite facility), and imaging, emergency services and other outpatient services. The Proposed Project encompasses 163,756 gross square feet of the existing facility that was closed in 2014.

**F.1.a.i Patient Panel:**

**Describe your existing Patient Panel, including incidence or prevalence of disease or behavioral risk factors, acuity mix, noted health disparities, geographic breakdown expressed in zip codes or other appropriate measure, demographics including age, gender and sexual identity, race, ethnicity, socioeconomic status and other priority populations relevant to the Applicant's existing patient panel and payer mix.**

The Applicant is a private, non-profit healthcare network that consists of two hospitals – BMC, a 298-bed academic community medical center, and Fairview Hospital, a 25-bed critical access hospital, as well as a cancer center, a medical provider group, and a network of outpatient ancillary services. The Applicant serves all residents and visitors to Berkshire County and the surrounding areas, a region that has been identified as mostly rural by the federal Health Resources and Services Administration (HRSA). The Applicant services the county, which covers 946 square miles. The Applicant’s services are integrated to allow for more streamlined and coordinated access across various health system locations. The Applicant has more than 4,000 employees and serves as both the healthcare and the economic anchor of the Berkshires.

The Applicant’s patient panel, including the North County patient population, is an older predominately white population (self-identified) that is gradually becoming more diverse. A significant portion of the patient panel is insured by a government payor (Medicare, Medicaid, TriCare, HSN). The lower socioeconomic status and aging population is reflected in their chronic health conditions as evidenced by the high and increasing Case Mix Index (“CMI”) and the Applicants’ Community Health Needs Assessment (“CHNA”), attached as Exhibit 5.

The Applicant’s patient panel data is set forth on Exhibit 3.

**F1.a.ii Need by Patient Panel:**

**Provide supporting data to demonstrate the need for the Proposed Project. Such data should demonstrate the disease burden, behavioral risk factors, acuity mix, health disparities, or other objective Patient Panel measures as noted in your response to Question F1.a.i that demonstrates the need that the Proposed Project is attempting to address. If an inequity or disparity is not identified as relating to the Proposed Project, provide information justifying the need. In your description of Need, consider the principles underlying Public Health Value (see instructions) and ensure that Need is addressed in that context as well.**

As noted above and reflected in the patient panel data, the North County patient population is an aging population with an increase in chronic medical conditions. Having access to timely, convenient inpatient hospital services as discussed in this Application will address a number of obstacles that the North County patient population faces when the only option for observation or inpatient level of care is to be transported to BMC in Pittsfield.

When the Northern Berkshire Healthcare’s hospital closed in 2014, the Commonwealth commissioned Stroudwater to conduct a bed needs analysis for the North County service area. Stroudwater looked at projected population growth by age cohort, inpatient utilization rates, discharges by service line, market share, and other data to develop an estimated total med need for the service area. As a result, the Stroudwater 2014 report identified a need of 18-21 inpatient med/surge beds for North County, but noted that only financially feasible way to provide inpatient services to this service area was through the CAH designation, which was not available at the time. Today, the federal rules have changed as noted in the introduction of the Application and NARH meets the CAH requirements. Stroudwater reconfirmed the bed need as well as the Applicant’s ability to qualify as a CAH in its updated report attached as Exhibit 4.

**F1.a.iii Competition:**

**Provide evidence that the Proposed Project will compete on the basis of price, total medical expenses, provider costs, and other recognized measures of health care spending. When responding to this question, please consider Factor 4, Financial Feasibility and Reasonableness of Costs.**

The Proposed Project will result in better care with better outcomes closer to home for the North County patient population. It further embeds the Applicant as a permeant fixture in North County, which creates a robust built environment linked with better health outcomes[[10]](#footnote-10). The Applicant’s goal is to deepen its relationship with the patients so that the North County patient population is less likely to defer low-level, non-emergency care that requires inpatient or observation level services. Knowing that the patients can remain in their community where there is easy access to friends and family and their social supports will encourage patients to seek care. Much of the North County patient population already receives health care from the Applicant either through the BMC Satellite Services or observation and/or inpatient care a BMC, so the overall cost to the patient should remain that same. As noted in the Stroudwater report, Exhibit 4, the Proposed Project’s revenues will offset the costs. This may result in a slight impact on the Commonwealth’s total medical expenses (“TME”); however, the Proposed Project brings numerous benefits and improved health outcomes to this rural area of the Commonwealth which greatly outweighs the marginal impact it will have on TME.

**F1.b.i Public Health Value /Evidence-Based:**

**Provide information on the evidence-base for the Proposed Project. That is, how does the Proposed Project address the Need that Applicant has identified.**

The Proposed Project is supported by the federal government’s development of the CAH designation and evidence-based literature associated with receiving timely, convenient and coordinated healthcare.

Rural Health Care and Access

The US Government Accountability Office (“GAO”) estimates that more than 60 million Americans – about one fifth the US population lives in rural areas[[11]](#footnote-11). These residents are generally older and have more serious health conditions than Americans in non-rural areas; however, they struggle with access to healthcare.[[12]](#footnote-12) It is documented that rural hospital closures are linked to greater rural patient mortality.[[13]](#footnote-13)

Since 2018, the GAO found that rural residents have to travel 23.9 miles on average for inpatient care.[[14]](#footnote-14) In addition to distance challenges, there are often other social determinants of health (“SDoH”) that impact access to care. For example, rural residents may experience greater financial struggles with payment for health care services, transportation options can be limited, and there can be language barriers.[[15]](#footnote-15) Additionally, rural residents often have less trust that they can use services without compromising privacy and lack confidence that they will receive quality care.[[16]](#footnote-16) The GAO also found that the availability of health care providers in counties with rural hospital closures generally was lower and declined more over time, compared to those without closures.[[17]](#footnote-17)

CAH Designation

Amidst a record number of rural hospital closures in the 1980s and 1990s, Congress created the CAH designation through the Balanced Budget Act of 1997[[18]](#footnote-18) to ensure access to healthcare in rural areas. The CAH designation is designed to reduce the financial vulnerability of rural hospitals and improve access to health care by keeping essential services in rural communities.[[19]](#footnote-19)

Hospitals with CAH status have 25 or fewer acute care inpatient beds which they can “swing” at any time to provide step-down nursing services, maintain an annual average length of stay of 96 hours or less for acute care patients, and provide 24/7 emergency services.[[20]](#footnote-20) CAHs have more flexible staffing and services than the typical acute care hospital and access to Flex Program education resources, technical assistance and grants.[[21]](#footnote-21) Financially, CAHs receive cost-based reimbursement from Medicare[[22]](#footnote-22) at 101% of their reasonable costs[[23]](#footnote-23) as well as other cost based reimbursement for swing beds, ambulance transports, outpatient services and telehealth.[[24]](#footnote-24) CMS also provides incentives for CAHs to bring health care professionals to rural areas. CMS has a health professional shortage area physician bonus program, in addition to specific graduate medical education and certified registered nurse anesthetists programs.[[25]](#footnote-25) This will be of benefit because North County is located in a health professional shortage area (“HPSA”).

Benefits of CAHs

It is well established that CAHs play an important role in our health care continuum and impact the health equity of the community.[[26]](#footnote-26),[[27]](#footnote-27)

CAHs increase engagement with the patient. A 2021 study found that visits to rural and CAH emergency departments have risen 50% in the US in the last 10 years,particularly for acute, unscheduled care.[[28]](#footnote-28) CAHs also serve as an anchor and provide screening for SDoH and assist with linkages with community organizations that address specific needs.[[29]](#footnote-29)

CAH beds also can be used for short-stay observation level care, a set of clinically appropriate services that includes short-term treatment, assessment and reassessment before a decision can be made as to whether the patient can be discharged or requires further treatment as an inpatient.[[30]](#footnote-30) Observation status allows a patient who presents with an illness that is considered less severe or has lower acuity to be monitored outside of the emergency department.[[31]](#footnote-31) Clinical situations that are most amenable to observation care are those in which neither discharge from the emergency department nor inpatient admission is routine.[[32]](#footnote-32)

CAHs are also eligible to designate their inpatient beds as “swing beds”. A CAH with Medicare swing bed approval may use any of its inpatient beds for either inpatient or skilled nursing facility –level services[[33]](#footnote-33). This allows patients to stay in one place without having to move between the hospital and nursing facility.[[34]](#footnote-34) In a recent study, the most commonly reported uses of swing beds was for physical and occupational therapy for orthopedic patients or for patients who need strengthening following their hospital stay, as well as patients requiring wound care and/or intravenous antibiotics or end of life care.[[35]](#footnote-35)

**F1.b.ii Public Health Value /Outcome-Oriented:**

**Describe the impact of the Proposed Project and how the Applicant will assess such impact. Provide projections demonstrating how the Proposed Project will improve health outcomes, quality of life, or health equity. Only measures that can be tracked and**

**reported over time should be utilized.**

The Proposed Project will improve access to inpatient hospital services for the North County patient population. To assess the impact of the Proposed Project, the Applicant developed the following quality metrics. All measures will be reported on an annual basis following the first year of the Proposed Project’s implementation. The measures are discussed below:

1. **Health Outcomes – Transfers from the NARH Emergency Department (“ED”) to Other Health Care Facilities.** It is important that patients transferred from the emergency department to another health care facility have all necessary communications made available to the receiving facility in a timely manner to avoid medical errors and redundant testing. To have complete Emergency Department Transfer Communication (EDTC) all eight categories need to be met: home medications, allergies/reactions, medications administered in the ED, ED provider note, mental status/orientation assessment, reason or transfer/plan of care, tests/procedures performed, and tests/procedures results.
2. *Measure*: The number of completed Emergency Department Transfer Communication (EDTC) annually.
3. *Projections:* The Applicant will provide baseline measures and three years of projections one year following implementation of the Proposed Project.
4. **Health Equity – Social Determinants of Health (SDoH) Screening.** SDOH screening will assist the Applicant in connecting NARH patients with appropriate referrals and/or resources they need outside of the health system to support their well-being and meet their social needs.
5. *Measure*: The number of completed Health Related Social Needs (HRSN) Screenings annually.
6. *Projections:* The Applicant will provide baseline measures and three years of projections one year following implementation of the Proposed Project.
7. **Health Equity – Data Collection.** To ensure the Applicant is best positioned to meet the needs of the NARH patients, it is necessary for NARH to have a complete and accurate medical record. One focus will be the accurate capture of patient race, ethnicity, and language (REL) to allow NARH and/or the Applicant to address any specific needs the patients might have.

1. *Measure*: Rate of Patients with a documented REL information in the medical record, completed monthly.
2. *Projections:* The Applicant will provide baseline measures and three years of projections one year following implementation of the Proposed Project.

**F1.b.iii Public Health Value /Health Equity-Focused:**

**For Proposed Projects addressing health inequities identified within the Applicant's description of the Proposed Project's need base, please justify how the Proposed Project will reduce the health inequity, including the operational components (e.g. culturally competent staffing). For Proposed Projects not specifically addressing a health disparity or inequity, please provide information about specific actions the Applicant is and will take to ensure equal access to the health benefits created by the Proposed Project and how these actions will promote health equity.**

Health Equity

The Applicant is committed to advancing health and wellness for everyone in Berkshire County in a welcoming, inclusive and personalized environment and strives to be the region’s trusted health care partner and community advocate for improving overall quality of life. Consistent with this mission, the Applicant is in process of obtaining a Health Care Equity Certification from The Joint Commission. This certification will recognize BHS’s past, ongoing and future work with regards to health equity that is built on four pillars:

* Information – collecting and analyzing a representative sample of data
* Relationship – building new partnership and soliciting honest feedback
* Education – empowering individuals and populations to support generational change; and
* Action – engaging sensitively and thoughtfully with patients, people and the community.

See Exhibit 3 and the CHNA, Exhibit 5, which highlights the Applicant’s health equity commitment.

Ensuring Language Accessibility

Approximately one in four (24.3%) Massachusetts residents and approximately 1 in 10 (9.2%) Berkshire County residents speak a language other than English in the home.[[36]](#footnote-36)  Appropriate medical care depends heavily on the ability to communicate. BHS provides qualified interpreters available to all BHS patients and their families who speak languages other than English or use American Sign Language. Interpreter services are available at no charge 24 hours a day, 7 days per week.  BHS has full-time, in-house, in-person interpreters available in Spanish and Russian.  In addition, over 200 languages can be accessed in a timely manner as needed by in-person, video, and telephonic interpreting.   Interpreters can assist patients and their families when discussing procedures and consents to treatment, medications and any other important information or circumstance that would necessitate exchange of clinically relevant information, including SDoH.  BHS is committed to ensuring healthcare providers have the resources to ensure the accurate, effective and culturally responsive communications necessary to establish and maintain strong clinical relationships with their non-English or limited English-speaking patients.  BHS provided 13,116 interpretation encounters (all modalities) in FY 2022, with the majority being in Spanish (89%).

**F1.b.iv Provide additional information to demonstrate that the Proposed Project will result in improved health outcomes and quality of life of the Applicant's existing Patient Panel, while providing reasonable assurances of health equity.**

The Proposed Project will maximize the overall health of the North County patients as it will reduce transportation needs including long ambulance rides and the difficulty of getting transportation to/from BMC for patients’ families and caregivers. It will keep the patients in their community close to their family and friends, which will have a positive effect on their social and emotional well-being. The Proposed Project also adds a second community hospital to the BHS system, further ensuring that care is being provided in the most appropriate setting [and also enabling community appropriate discharges from BMC. This will allow BMC to be able to better service acute patients in addition to its local community patients.

The 18 beds at NARH are single-bedded rooms. Research indicates that single-bedded rooms enhance the recovery process for patients.[[37]](#footnote-37),[[38]](#footnote-38),[[39]](#footnote-39),[[40]](#footnote-40),[[41]](#footnote-41) Single-bedded rooms also create flexibility and capacity to treat multiple co-morbid conditions. They decrease the spread of hospital acquired infections, reduce ambient noise which promotes better sleep and reduces stress, and improve communication between patients, families and their health care providers by providing increased privacy which can lead to increased patient satisfaction.[[42]](#footnote-42)

The CAH also has the ability to use swing beds as discussed above. This not only allows a patient to stay in one place for continued short term rehab, but it provides relief to the Applicant who like other acute care hospitals struggles with delayed discharge to post-acute settings[[43]](#footnote-43).

Additionally, the Proposed Project allows the Applicant to better serve the North County community needs over-time. The Applicant will be able to develop new programs to operate out of a hospital. The Applicant will also continue to evaluate the patient panel data and has the ability to open up to 7 more inpatient beds at the facility in the future under the CAH designation.

**F1.c Provide evidence that the Proposed Project will operate efficiently and effectively by furthering and improving continuity and coordination of care for the Applicant's Patient Panel, including, how the Proposed Project will create or ensure appropriate linkages to patients' primary care services.**

As discussed above, the Proposed Project will operate efficiently and effectively by furthering and improving continuity and coordination of care for the North County patients. Returning inpatient beds will allow North County patients to receive care in their community which greatly alleviates transportation issues to Pittsfield and keeps more patients near family and friends. Additionally, because a CAH can designate its inpatient beds as swing beds, North County residents can remain in one place for their short term skilled nursing care. Not only does this create continuity of care for the patient but it also lessens the pressure on the post-acute system that does not have available beds. NARH’s surgical and endoscopy procedures will also operate efficiently with  4 mixed inpatient/outpatient operating rooms (comprised of existing open and closed operating and endoscopy rooms from the prior hospital and current satellite facility).  The staff will be able to use the rooms for all types of procedures which reduces wait times and will be able to meet all surgical and endoscopy needs without having two separate teams.

Another critical impact of North County’s inpatient deficit is the deleterious impact on BHS’s ability to recruit and retain physicians to serve this region. Northern Berkshire County is designated as a low income Health Professional Shortage Area, inclusive of the North Adams, Adams, and Williamstown communities.  Approximately 43% of North County physicians are over age 63 (as compared to 16% in the Central Berkshires). As physicians retire, it is hard to recruit and retain replacements as most physicians do not like to practice in a community where they are not able follow locally their patients who need inpatient care. As a result, many of the physicians practicing in North County hold interim rather than dedicated positions. It takes approximately 24 months to recruit primary care physicians and 18 months to recruit specialists in North County. Moreover, the average tenure of North County physicians is approximately 1.7 years shorter than in central Berkshire County and approximately 5.8 years shorter than in southern Berkshire County. The Applicant anticipates that the Proposed Project will have a positive impact on physician recruitment because of the increased services in the region and the physician recruitment programs available to CAHs.

**F1.d Provide evidence of consultation, both prior to and after the Filing Date, with all Government Agencies with relevant licensure, certification, or other regulatory oversight of the Applicant or the Proposed Project.**

BHS and its representatives have had discussions with the Executive Office of Human Services; the State Office of Rural Health; the Department of Public Health’s Determination of Need Program Division of Health Care Facility Licensure and Certification, and Bureau of Community Health and Prevention; the Attorney General’s Office Health Care and Fair Competition Bureau; and the Health Policy Commission.

**F1.e.i Process for Determining Need/Evidence of Community Engagement: For assistance in responding to this portion of the Application, Applicant is encouraged to review Community Engagement Standards for Community Health Planning Guideline. With respect to the existing Patient Panel, please describe the process through which Applicant determined the need for the Proposed Project.**

In addition to relying on the data described throughout this application that demonstrates the need for the Proposed Project, the Applicant has also engaged the community to elicit feedback from patients and families regarding the Proposed Project.

The Applicant made the following public announcements about the Proposed Project:

1. A press release was issued on June 29, 2023 that was carried in many major media outlets including the *Berkshire Eagle*;
2. Notice about the Proposed Project was published in the *Berkshire Eagle* and iBerkshires.com on August 1, 2023;
3. A community meeting was held on August 3, 2023 at Massachusetts College of Liberal arts in North Adams. Approximately 100 people attended the meeting. The presentation reviewed the purpose of the Proposed Project, what it would mean for patients and the community and provided a general overview of the Proposed Project’s process. See Exhibit 3. The community feedback was overwhelmingly positive and supportive of the Proposed Project. The Applicant received 52 letters of support for the Proposed Project from the community that evening.

**F1.e.ii Please provide evidence of sound Community Engagement and consultation throughout the development of the Proposed Project. A successful Applicant will, at a minimum, describe the process whereby the “Public Health Value” of the Proposed Project was considered, and will describe the Community Engagement process as it occurred and is occurring currently in, at least, the following contexts: Identification of Patient Panel Need; Design/selection of DoN Project in response to “Patient Panel” need; and Linking the Proposed Project to “Public Health Value”.**

To ensure sound community engagement for the Proposed Project, the Applicant took the actions described above.

**Factor 2: Health Priorities**

**Addresses the impact of the Proposed Project on health more broadly (that is, beyond the Patient Panel) requiring that the Applicant demonstrate that the Proposed Project will meaningfully contribute to the Commonwealth's goals for cost containment, improved public health outcomes, and delivery system transformation.**

**F2.a Cost Containment:**

**Using objective data, please describe, for each new or expanded service, how the Proposed Project will meaningfully contribute to the Commonwealth's goals for cost containment.**

The Proposed Project seeks to align with the Commonwealth’s goals for cost containment because it will ensure that patients are receiving convenient and timely care in the appropriate setting and have additional avenues to engage with the health care system.

As discussed above, not having inpatient and observation care available locally has had serious ramifications for the community health and wellbeing, particularly impacting the most vulnerable populations. The Applicant has observed that patients in North County tend to defer or avoid care due to lack of transportation (and financial resources) and/or available social supports.

The Proposed Project will maximize the overall health of the North County patients as it will reduce transportation needs including long ambulance rides and the difficulty of getting transportation to/from BMC for patients’ families and caregivers. It will keep the patients in their community close to their family and friends, which will have a positive effect on their social and emotional well-being.

The Proposed Project also can make use of swing beds as described above. This not only provides a convenience for the patient to remain in one place for short term hospital and long-term care services, but it also maximizes utilization by giving the Applicant flexibility to ensure that there is an efficient and economic use of the beds at all times and prevents patients from being stuck in the beds because they are not able to discharge for post-acute care[[44]](#footnote-44).

**F2.b Public Health Outcomes:**

**Describe, as relevant, for each new or expanded service, how the Proposed Project will improve public health outcomes.**

As discussed in the Application, the Applicant anticipates that demand for the Proposed Project’s inpatient and observation services will continue to increase over time as the older and sicker North County patient population ages. More timely access will facilitate treatment and result in improved patient experience and public health outcomes.

**F2.c Delivery System Transformation:**

**Because the integration of social services and community-based expertise is central to goal of delivery system transformation, discuss how the needs of their patient panel have been assessed and linkages to social services organizations have been created and how the social determinants of health have been incorporated into care planning.**

The Applicant is in the process of implementing SDoH screening across the system. By the end of August 2023, the Applicant will be conducting SDoH screenings in all of its ambulatory practices, where the majority of its patient panel has a touch point with BHS. The Applicant’s team of community health workers are able to assist patients with a positive screen by offering referrals to the appropriate community-based organizations and resources. To ensure SDoH screening is occurring at the Proposed Project, the Applicant has proposed it as one of the quality measures in Section F1.b.ii.

In addition to SDoH screenings, see the Applicant’s commitment to health equity highlighted in Exhibit 3, which includes work taking place in North County and a list of the Applicant’s community partners.

**Factor 4: Financial Feasibility and Reasonableness of Expenditures and Costs**

The Commonwealth engaged Stroudwater to conduct a financial impact analysis for the Proposed Project pursuant to CAH application process for the State Office of Rural Health and CMS. Stroudwater’s analysis determined that it was financially feasible for the Applicant to reopen NARH as a CAH. See the Stroudwater Report dated August 8, 2023 attached as Exhibit 4.

**Factor 5: Relative Merit**

**F5.a.i Describe the process of analysis and the conclusion that the Proposed Project, on balance, is superior to alternative and substitute methods for meeting the existing Patient Panel needs as those have been identified by the Applicant pursuant to 105 CMR 100.210(A)(1). When conducting this evaluation and articulating the relative merit determination, Applicant shall take into account, at a minimum, the quality, efficiency, and capital and operating costs of the Proposed Project relative to potential alternatives or evidence-based strategies and public health interventions.**

**This Proposal:** The Proposed Project is to re-establish inpatient and observation hospital services at NARH (including swing beds).

**Quality:**  The Proposed Project is the superior option because of the positive impact it will have on patient outcomes in North County. Expanded, local access to inpatient and observation hospital services will improve timely access to care and keep patients close to home which has an overall positive impact on emotional and physical well-being.

**Efficiency:** The Proposed Project will minimize delays in access to care currently caused by the geographic and transportation barriers between North County and BMC in Pittsfield and socioeconomic factors that contribute to patients deferring care. It will also lessen patient stress from being far away from their family and not having their support network readily available which aides in the recovery process.

**Capital Expense:** The total capital expenditures to reestablish inpatient and observation hospital services at NARH is $2,850,000.00

**Operating Costs:** The projected increase in annual operating costs to add the inpatient beds with the Proposed Project is estimated to be $9,499,440.

**Alternative Proposal:** The Applicant continues the status quo and continues to provide the BMC Satellite Services in North County but patients who need inpatient or observation level care would still have to travel to BMC in Pittsfield or across the border to Southwestern Vermont to receive care.

**Quality:**  This alternative does not address North County patients’ need for inpatient and observation services in their community. The lack of convenient, local inpatient services in North County has contributed to lower utilization than expected for the population and additional hardships for this remote, underserved area.

**Efficiency:** BHS’s resources will continue to be strained under this alternative. As noted above, BMC’s inpatient capacity averages above 75% most of the time. In FY 2022, there were close to 1,300 SEF patient encounters that resulted in transfers to BMC.

**Capital Expense:** There are no capital expenses under this alternative.

**Operating Costs:** There are no new operating costs under this option; however, under this alternative the Applicant will continue to struggle with access to convenient and reliable transportation between North County and Pittsfield for patients and the additional pressures that this contributes to the emergency room boarding.

1. Observation beds are available for patients who may need to be monitored for up to 24 hours. Severely injured or ill patients are stabilized and transferred to BMC or other appropriate hospitals for more specialized care. [↑](#footnote-ref-1)
2. CAHs are small, efficient and cost-effective providers of the essential services needed to support and stabilize patients locally. Their cost-based reimbursement is prescribed by both CMS and MassHealth. [↑](#footnote-ref-2)
3. NBH and BMC’s satellite thereafter were previously ineligible for CAH designation due to the mileage distance to BMC (25.5 miles) and Southwestern VT (“SwVT”) (18.08 miles) combined with CMS’s prior classification of U.S. Route 7 as a primary road. A recent change in law re-defined the qualifications of a primary road which now allows for CAH status. See infra at page 3. [↑](#footnote-ref-3)
4. There are also non-patient care related ramifications worthy of note: Emergency medical services in Berkshire County, already stretched in terms of capacity, are taxed with longer drives for their transports due to the lack of inpatient and observation capability in North County. Moreover, employment opportunities for North County residents are less robust in an outpatient-only facility. [↑](#footnote-ref-4)
5. North County is served by a single bus line on U.S. Routes 7 and 8, and there is almost no access to services like Uber. [↑](#footnote-ref-5)
6. The Determination of Need Program has cited in numerous staff reports that “increasing access to care and reducing delays in diagnoses and treatment can reduce costs.” [↑](#footnote-ref-6)
7. 87 Fed. Reg. 71748, 72206 (Nov. 23, 2022), available at, <https://www.federalregister.gov/d/2022-23918/p-amd-47>. [↑](#footnote-ref-7)
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   [↑](#footnote-ref-8)
9. Critical Access Hospitals (CAHs) are permitted to have up to 25 inpatient beds. Separate from the Proposed Project, the Applicant could add up to an additional 7 inpatient beds in the future subject to necessary regulatory approvals at that time. [↑](#footnote-ref-9)
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